

PART 316—GENERAL REQUIREMENTS FOR FINANCIAL ASSISTANCE

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AUTHORITY: Sec. 701, Pub. L. 89-136; 79 Stat. 570 (42 U.S.C. 3211); Title II, Chapter 3 of the Trade Act of 1974, as amended, (42 U.S.C. 2341-2355); Department of Commerce Organization Order 10-4, as amended (40 FR 56702, as amended).

SOURCE: 60 FR 49700, Sept. 26, 1995, unless otherwise noted.

§316.1 Environment.

(a) The purpose of this section is to ensure proper environmental review of EDA's actions under PWEDA and the Trade Act and to comply with the Federal environmental statutes and regulations in making a determination that balances economic development and environmental enhancement and mitigates adverse environmental impacts to the extent possible.

(b) Environmental assessments of EDA actions will be conducted in accordance with the statutes, regulations, and Executive Orders listed below. This list will be supplemented and modified, as applicable, in EDA's annual FY NOFA.

(1) Requirements under the National Environmental Policy Act of 1969 (NEPA), Public Law 91-190, as amended, 42 U.S.C. 4321 *et seq.* as implemented under 40 CFR parts 1500 *et seq.* including the following:

(i) The implementing regulations of NEPA require EDA to provide public notice of the availability of project specific environmental documents such as environmental impact statements, environmental assessments, findings of no significant impact, records of deci-

sion etc., to the affected public as specified in 40 CFR 1506.6(b); and

(ii) Depending on the project location, environmental information concerning specific projects can be obtained from the Environmental Officer in the appropriate Washington, D.C. or regional office listed in the NOFA;

(2) Clean Air Act, Pub. L. 88-206 as amended, 42 U.S.C. 7401 *et seq.*;

(3) Clean Water Act (Federal Water Pollution Control Act), c. 758, 62 Stat. 1152 as amended, 33 U.S.C. 1251 *et seq.*;

(4) Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), Pub. L. 96-510, as amended, 42 U.S.C. 9601 *et seq.* and the Superfund Amendments and Reauthorization Act of 1986 (SARA), Pub. L. 99-499, as amended;

(5) Floodplain Management Executive Order 11988 (May 24, 1977);

(6) Protection of Wetlands Executive Order 11990 (May 24, 1977);

(7) Resource Conservation and Recovery Act of 1976, Public Law 94-580 as amended, 42 U.S.C. 6901 *et seq.*;

(8) Historical and Archeological Data Preservation Act, Pub. L. 86-523, as amended, 16 U.S.C. 469a-1 *et seq.*;

(9) National Historic Preservation Act of 1966, Pub. L. 89-665, as amended, 16 U.S.C. 470 *et seq.*;

(10) Endangered Species Act of 1973, Pub. L. 93-205, as amended, 16 U.S.C. 1531 *et seq.*;

(11) Coastal Zone Management Act of 1972, Pub. L. 92-583, as amended, 16 U.S.C. 1451 *et seq.*;

(12) Flood Disaster Protection Act of 1973, Pub. L. 93-234, as amended, 42 U.S.C. 4002 *et seq.*;

(13) Safe Drinking Water Act of 1974, Pub. L. 92-523, as amended, 42 U.S.C. 300f-j26;

(14) Wild and Scenic Rivers Act, Pub. L. 90-542, as amended, 16 U.S.C. 1271 *et seq.*;

(15) Environmental Justice in Minority Populations and Low-Income Populations Executive Order 12898 (February 11, 1994);

(16) Farmland Protection Policy Act, Pub. L. 97-98, as amended, 7 U.S.C. 4201 *et seq.*; and

(17) Other Federal Environmental Statutes and Executive Orders as applicable.

[60 FR 49678, Sept. 26, 1995, as amended at 61 FR 7984, Mar. 1, 1996]

§ 316.2 Certification as to waste treatment.

Whenever the Environmental Protection Agency (EPA) has established a permitting and enforcement system for the regulation and monitoring of the design and operation of wastewater treatment plants which is delegated to the states for certification, EDA under PWEDA will accept such state certifications in lieu of certification by EPA.

§ 316.3 Excess capacity.

(a) All projects funded by EDA under PWEDA are subject to section 702 of PWEDA and EDA shall determine section 702 compliance based on the following:

- (1) A section 702 study;
- (2) A section 702 report; or
- (3) A section 702 exemption.

(b) *Definitions.* For purposes of this section only:

Capacity means the maximum amount of a product or service that can be supplied to the market area over a sustained period by existing enterprises through the use of present facilities and customary work schedules for the industry.

Demand means the actual quantity of a product or service that users are willing to purchase for use in the market area served by the intended commercial or industrial beneficiary.

Efficient capacity means that part of capacity derived from the use of contemporary structures, machinery and equipment, designs and technologies.

Existing competitive enterprise means an established operation which either produces the same product or delivers the same service to all or a substantial part of the market area.

Market Area means the geographic area within which products and/or services compete for purchase by customers.

Primary Beneficiary means one or more firms within the same industry which may reasonably be expected to use 50 percent or more of the capacity of an EDA-financed facility(ies) in

order to expand the supply of goods or services sold in competition with other producers or suppliers of such goods or services.

(c) For certain types of EDA projects, a section 702 study of competitive impact will be used as a basis for a decision by EDA that such project would not violate section 702 of PWEDA. A section 702 study is required when either of the following situations exists:

(1) Where a primary beneficiary is present; or

(2) When EDA so determines.

(d) The following procedures shall be followed to the extent necessary to provide EDA with sufficient information to prepare a 702 study:

(1) The primary beneficiary shall submit as part of the project selection process the following information with regard to each product or service affected by the project:

- (i) A detailed description;
- (ii) Current and projected amount and value of annual sales;
- (iii) Distribution channel(s) and geographic marketing area; and
- (iv) Name of other suppliers and amount presently available in the market area.

(2) If the primary beneficiary has conducted or commissioned a market study supporting the proposed project, such market study shall be made available to EDA early in the project selection process for verification and possible use by EDA as a basis for the 702 study or report.

(e) A section 702 report (a summary of supply/demand factors) will form an acceptable basis on which to make a section 702 compliance finding when the characteristics described in paragraph (c) (1) or (2) of this section are present and in addition, it is readily apparent that the resulting increase in output alleviates a shortage of goods or services in the market area.

(f) EDA will make a blanket finding of compliance with section 702 of PWEDA for those projects which have one or more of the following characteristics:

- (1) The project has no primary beneficiary;
- (2) The beneficiary's projected new or additional annual output is less than 1

percent of the last recorded annual output in the market area;

(3) The project will replace or restore capacity recently destroyed by flood, fire, wind, or other natural disaster;

(4) The project will assure the retention of the physical capacity and/or employment;

(5) The project will replace, rebuild or modernize, within the same labor market area, facilities displaced by official governmental action;

(6) The project assures completion of a project previously assisted by EDA where further funding is required because of revised project cost estimates, rather than for additional productive capacity;

(7) When the purpose of research or evaluation grants or cooperative agreements is to determine the causes of or to assist in the formulation of programs to address, or to provide personnel needed to conduct programs concerning unemployment, underemployment, underdevelopment, or chronic depression;

(8) When the purpose of planning grants to state or local governments, or regional or area organizations is to fund administrative expenses of a planning process or for the preparation of economic development plans or programs;

(9) When a technical assistance grant is not designed to assist a specific firm or group of firms or lead directly to expanded productive capacity or output of specific goods or services for sale in a designated market area; and

(10) PWIP projects.

[60 FR 49678, Sept. 26, 1995, as amended at 61 FR 7984, Mar. 1, 1996; 61 FR 45738, Aug. 29, 1996]

§ 316.4 Nonrelocation.

(a) General requirements for nonrelocation for funding under PWEDA are as follows:

(1) EDA financial assistance will not be used to assist employers who transfer jobs from one commuting area to another. A commuting area ("area") is that area defined by the distance people travel to work in the locality of the project receiving EDA financial assistance;

(2) Every applicant for EDA financial assistance has an affirmative duty to

inform EDA of any employer who will benefit from such assistance who will transfer jobs (not persons) in connection with the EDA grant;

(3) EDA will determine compliance with this requirement prior to grant award based upon information provided by the applicant during the project selection process; and

(4) Each applicant and identified primary beneficiary of EDA assistance, which for purposes of this section means an entity providing the economic justification for the project, must submit its certification of compliance with this section, and other applicable information as determined by EDA.

(b) The nonrelocation requirements stated in paragraph (a) of this section shall not apply to businesses which:

(1) Relocated to the area prior to the date of applicant's request for EDA assistance;

(2) Have moved or will move into the area primarily for reasons which have no connection to the EDA assistance;

(3) Will expand employment in the area where the project is to be located substantially beyond employment in the area in which the business had originally been located;

(4) Are relocating from technologically obsolete facilities to be competitive;

(5) Are expanding into the new area by adding a branch, affiliate, or subsidiary while maintaining employment levels in the old area or areas; or

(6) Are determined by EDA to be exempt.

§ 316.5 Electric and gas facilities.

(a) General requirements for funding under PWEDA are as follows:

(1) Except for those types of facilities listed in paragraph (a)(2), (b) and (c) of this section, no financial assistance authorized under PWEDA will be used to finance:

(i) The cost of facilities for the generation, transmission, or distribution of electrical energy; or

(ii) For the production or transmission of natural, manufactured or mixed gas.

(2) Electric or gas facilities are eligible to receive EDA funding under

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PWEDA if they meet the following requirements:

(i) Those specifically authorized by Congress; or

(ii) If not funded, jobs will be lost or reduced or new jobs will not be created, provided the following findings are made:

(A) EDA determines that project financing is not available from private lenders or other Federal agencies on terms which, in the opinion of EDA, would permit completion and operation of the project; and

(B) The Federal or state agency regulating such facility makes one of the following determinations:

(1) There would not be any competition with existing public utilities under their jurisdiction in public rate charges; and

(2) There would be such competition as described in paragraph (a)(2)(ii)(B)(1) of this section, but existing public utilities are unable or unwilling to meet the increase in demand for such energy.

(b) Electrical facilities may also be funded if such funds would be used for:

(1) An internal electrical system (system) on the consumer side of the distribution metering station, including for example, conductors, conduits, structures, switchgear, transformers and other appurtenances; provided such system meets the following requirements:

(i) It is owned by the owner of all or a portion of the facility served by such system; and

(ii) Electricity carried on such system will not be resold.

(2) Standby electrical generating equipment, provided that such equipment is:

(i) Incapable of and not intended to provide service on a regular and continuous basis; and

(ii) Needed to prevent significant damage or harm resulting from a power failure.

(3) Facilities for replacement or expansion of existing public utilities when the area served will remain unchanged;

(4) Otherwise eligible components of projects which generate electricity but which also have other purposes, such as heating; or

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(5) Electrical generation facilities which use waste as an alternative to conventional fuels.

(c) Gas facilities, including those needed for local storage, regulation and consumer metering, may also be funded if for the distribution of gas from the plant and metering station to consumers within a particular area.

§ 316.6 Procedures in disaster areas.

When non-statutory EDA administrative or procedural conditions for financial assistance awards cannot be met by applicants under PWEDA as the result of a disaster, EDA may waive such conditions.

§ 316.7 Project servicing for loans and loan guarantees.

EDA will provide project servicing to borrowers and lenders who received EDA loans and/or guaranteed loans under any programs administered by EDA. This includes but is not limited to loans under PWEDA, the Trade Act and the Community Emergency Drought Relief Act of 1977.

(a) EDA will continue to monitor such loans and guarantees in accordance with the loan or guarantee program.

(b) Borrowers/lenders shall submit to EDA any requests for modifications of their agreements with EDA. EDA shall, in accordance with applicable laws and policies, including the Federal Credit Reform Act of 1990 (2 U.S.C. 661 c(e)), consider and respond to such modification requests.

(c) In the event that EDA determines it necessary or desirable to take actions to protect or further the interests of EDA in connection with loans or guarantees made or evidences of indebtedness purchased, EDA may:

(1) Assign or sell at public or private sale, or otherwise dispose of for cash or credit, in its discretion and upon such terms and conditions as it shall determine to be reasonable, any evidence of debt, contract, claim, personal or real property, or security assigned to or held by it in connection with financial assistance extended;

(2) Collect or compromise all obligations assigned to or held by it in connection with EDA financial assistance

projects until such time as such obligations may be referred to the Attorney General for suit or collection; and

(3) Take any and all other actions determined by it to be necessary or desirable in purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans or guaranties made or evidences of indebtedness purchased.

§ 316.8 Public information.

The rules and procedures regarding public access to the records of the Economic Development Administration are found at 15 CFR part 4.

§ 316.9 Relocation assistance and land acquisition policies.

Recipients of EDA financial assistance under PWEDA and the Trade Act (states and political subdivisions of states and non-profits as applicable) are subject to requirements set forth at 15 CFR part 11.

§ 316.10 Additional requirements; Federal policies and procedures.

Grantees as defined under § 314.2 of this chapter are subject to all Federal laws and to Federal, Department of Commerce and EDA policies, regulations, and procedures applicable to Federal financial assistance awards.

§ 316.11 Amendments and changes.

(a) Requests by grantees for amendments to a grant shall be submitted in writing to the EDA Regional Office for processing, and shall contain such information and documentation necessary to justify the request.

(b) All change orders are subject to EDA approval. Any changes made without prior approval by EDA are made at grantee's own risk of suspension or termination of the project.

(c) Changes of project scope will not be approved by EDA.

[60 FR 49678, Sept. 26, 1995. Redesignated at 61 FR 7983, Mar. 1, 1996]

§ 316.12 Contract and subcontract clauses.

Grantees must see that grantees' and subgrantees' contracts contain all required clauses in accordance with 15 CFR part 24, Uniform Administrative

Requirements for Grants and Cooperative Agreements to State and Local Governments, or OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Non-profit Organizations, whichever is applicable.

[60 FR 49678, Sept. 26, 1995. Redesignated at 61 FR 7983, Mar. 1, 1996]

§ 316.13 Preapproval construction.

Project construction carried out before approval of an application by EDA is carried out at the sole risk of applicant. Such activity could result in rejection of such project application, the disallowance of costs, or other adverse consequences as a result of non-compliance with Federal labor standards, or Federal environmental, historic preservation or related requirements.

[61 FR 7985, Mar. 1, 1996]

PART 317—CIVIL RIGHTS

AUTHORITY: Sec. 701, Pub. L. 89-136; 79 Stat. 570 (42 U.S.C. 3211); Department of Commerce Organization Order 10-4, as amended (40 FR 56702, as amended).

SOURCE: 60 FR 49702, Sept. 26, 1995, unless otherwise noted.

§ 317.1 Civil rights.

(a) Discrimination is prohibited in programs receiving federal financial assistance from EDA in accordance with the following authorities:

(1) Section 601 of Title VI of the Civil Rights Act of 1964, codified at 42 U.S.C. 2000d et seq. (proscribing discrimination on the basis of race, color, or national origin), and the Department of Commerce's implementing regulations found at 15 CFR part 8;

(2) 42 U.S.C. 3123 (proscribing discrimination on the basis of sex);

(3) 29 U.S.C. 794, as amended, and the Department of Commerce's implementing regulations found at 15 CFR part 8b (proscribing discrimination on the basis of disabilities);

(4) 42 U.S.C. 6101, as amended, and the Department of Commerce's implementing regulations found at 15 CFR part 20; and

(5) Other Federal statutes, regulations and Executive Orders as applicable.